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Cato's Letter

Progress and Its Discontents

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The original *Cato's Letters*, from which Cato takes its name and inspiration, were the most terrific exercise in optimism. *Cato's Letters* were a collection of ideas by two countrymen of mine, John Trenchard and Thomas Gordon. They set out how an open society with a republican constitution could flourish. And incredibly against all the odds, providentially we might say, it happened, and that abstract dream of freedom was turned into a functioning nation. If any country in the world can be said to embody an optimistic spirit, it's the United States of America.

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CATO INSTITUTE

Telling people that life is getting better is a counterintuitive idea. It doesn't often go down very well. In fact, Cato senior fellow Johan Norberg once came across a piece of writing that said: "We've never lived in such evil times. Our politicians have never been so corrupt and the social fabric has never been so decayed." Guess when that was written. It was an inscription on a Chaldean piece of stone in a museum in Turkey and dated from 3800 BCE. So the idea that things are getting worse has been with us as long as civilization has existed.

The moment we learned to write, we started grumbling about how things used to be better when we were younger. There comes a point when you have to realize that this is intrinsic in human nature.

Some catastrophe is always looming. Yes, life gets better and better, but the argument is always that it's about to come to an end and we're about to go off a cliff. When I was a small boy, people were very worried about a looming ice age—Britain was going to find itself under miles of ice. Now they're all very worried about the planet overheating.

> "The idea that things are getting worse has been with us as long as civilization."

It could have been bird flu or swine flu, now it happens to be coronavirus. It could be Islamization or debt. It could be asteroid strikes or nuclear holocaust. The cause changes from generation to generation. It fluctuates with fashion, but the underlying argument never changes: this time it's going to be different.

Things have been getting stubbornly better up until now, but oh, just you wait, we're told: things are about to take a turn for the worst. My friends, we must be the most singularly ungrateful generation ever to have existed.

I had a look at some of the headlines this week. Two things caught my eye: Scientists in London have invented, let's call it an artificial leaf, a chemical process that takes carbon dioxide out of the atmosphere and converts it into energy. And scientists here in the United States, how about this, have created an exoskeleton that has allowed a man who was paralyzed from the neck down to walk using his thoughts. He controls it. And now, here's the thing, neither of those stories even made the front page. That's how much we take progress for granted. We wield powers that previous generations

would have attributed to wizards or gods, and we don't even turn it into the lead story anymore.

I think of what's changed just in my own lifetime. I was born in 1971. In 1971, it took the average American worker 147 hours of labor to afford a TV set. Now it takes less than four hours. In 1971, fewer than half the girls worldwide got anything beyond a primary education. Now more than 90 percent do. In 1971, a stationary car emitted more pollution than a car today moving at full speed, and yet we continue to moan about how things have never been as bad as they are now.

> "Free trade eliminates poverty. It makes everyone richer."

The trouble is not just that this view is ungrateful, it's that it becomes self-destructive. Because if we turn against the system that has delivered this extraordinary miracle, then we bring the ruin on ourselves. And that I'm afraid is a possible danger.

The single factor that has done most to lift people out of poverty has been the end of socialism and autarchy and the spread of free trade. The collapse in the numbers of poor people, hungry people, people struggling with illiteracy and disease has happened most radically in those parts of Asia and Africa that have opened up previously closed economies and joined the global market system. If there's one statement that should be absolutely uncontroversial for which we now have unquestionable empirical evidence, it's that free trade alleviates poverty. It makes the rich richer, and it makes the poor richer, and it makes everyone else richer as well. It's the most unalloyed good that we've ever had. And yet we still refuse to see it.

Why is it that in Beijing and in Brussels and in Washington, DC, people argue against the system that has delivered this extraordinary explosion of human wealth? Why is it that we hear the same old failed mercantilist arguments? We can't carry on with a trade deficit like this. We can't compete with countries that have low wages. We have to grow more of our own food. We have to protect our strategic industries. All of those arguments we know to be false. They are wrong in theory and they are wrong in practice. We could not have more evidence that they don't work. And yet like a moth to a flame, we keep returning to them. Why is that?

Well, let me advance three explanations for why I think we are in a con-

stant struggle to win arguments that ought to have been settled long ago on the basis of data. One argument is political. One is psychological, and one I can only call aesthetic.

The political argument can be summarized in four words. Free trade brings *dispersed gains, concentrated losses.* If you have a steel tariff in the United States, then yes, it may prop up temporarily jobs in the steel sector, which employs a few tens of thousands of people who stand to benefit, but at a far greater cost to the 7 million jobs in the downstream industries in construction, aviation, car manufacturing, and so on. If you removed all of those tariffs, almost everyone will be a bit better off.

Prices would fall, all of those other industries will be able to employ more people. They'd get an immediate productivity boost without needing to do anything. People would be able to spend their extra money on other things. More jobs would come into existence. And in the end—I tell you this as an ex-politician—not a single person would vote for you in gratitude. But of course the steelworkers would know exactly whom to vote for.

Then there's the psychological argument. Free trade just feels wrong. We existed for a million years as hunter-gatherers. The instinct to hoard to provide against famine is encoded deep in our DNA. The idea of depending on strangers for things that we can't see—which if you think about it is the basis of the modern economy—just conflicts with our basic intuitions. We're not designed for a world of superabundance and skyscrapers; our inner caveman is screaming with anguish because this feels wrong.

And in every movement against the open society, every movement against liberal capitalism—whether it takes the form of Romanticism or existentialism or revolutionary socialism or fascism—is that alienated Paleolithic hominid inside us who can't get used to how good the world has become.

And then there is the third argument, the one that I call aesthetic. The Victorian poet Trollope said, "Poverty, to be picturesque, should be rural." Deep down we don't like the look of slums. The urbanization of people leaving behind hopeless rural poverty for very real opportunity in the cities often produces cities that look like those you see in developing countries today. We all went through that. Our ancestors in every country went through this phase. And the

people in those places today, where I've had the chance to spend time, emit a sense of energy and enterprise and industriousness that frankly is a lot more hopeful than in some high-unemployment spots in the West, because they understand that the shantytown is transitional. It's a phase you go through. You're busy all the time. You're selling cigarettes at traffic lights, you're recycling garbage to sell it, and you understand that you're going to be moving on.

But of course, so much of what we hear in the West is based on the idea that all that is ugly. You wouldn't want to do it, you wouldn't want to live in such conditions, and therefore something is wrong with the capitalist system. All of this is a basic genetic rebellion against the good news.

> "It's as simple as that, status to contract."

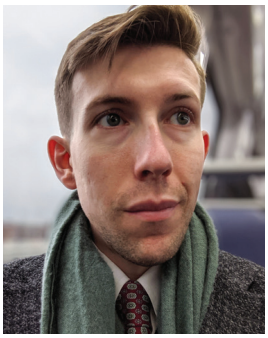
For 10,000 years, the lot of the human race had been serfdom and caste, slavery and oppression. And the way to get on was either to exploit everyone else, to brutalize them, to collect their wealth through a system of tithes, tolls, and taxes with coercive power, or to suck up to the people who were doing that.

We are fortunate enough to live in a system where for the first time ever, it pays you to offer a service to the people around you, where production has been elevated over predation, where you create more wealth, instead of simply getting a different place in the social order within a fixed wealth system. It's as simple as that, status to contract. Grant that and the rest follows; which brings me back to where I started: Cato and the enduring importance of education.

None of us understands intuitively the things that I've just been talking about. We all have to learn them. All those mercantilist assertions that I was giving before, all of those things sound completely reasonable until you've been educated in understanding why they don't work.

The essence of a post-Enlightenment Western society is the idea that we are all individuals, all responsible for our own actions, that we're not defined by the circumstances of our birth. These things need to be taught. Somebody must stand up and teach the truth. Somebody has to make the case for the primacy of reason and individualism, and that somebody is the Cato Institute.

You have to keep alive that charmed secret that raised the United States above the run of nations and created the extraordinary wealth and freedom that we've been lucky enough to inherit. ■



CATO PROFILE

Will Duffield

Will Duffield is a policy analyst at the Cato Institute's Center for Representative Government, where he studies speech and internet governance. His research focuses on the web of government regulations and private rules that govern Americans' speech online. He received a BA from Sarah Lawrence College and an MS in political theory from the London School of Economics.

What is Section 230 of the Communications Decency Act, and why is it so important?

Section 230 prevents the "provider of an interactive computer service" from being held liable for content provided by their users, and it also allows providers to moderate content as they see fit. For example, if I say something defamatory about you in a post on Facebook or Twitter, you can directly sue me for that, but you can't sue those companies for it. The statute protects a speech-friendly ecosystem because without it no company could take on the liability of allowing user-generated content. The statute also ensures that private companies can set their own rules about what type of content to allow on their platform. Although Section 230 is often seen only as a protection for large social media services, in fact most of our modern internet usage—from email to traffic maps—relies on Section 230's protections.

What do you see as the major threats to free speech and internet use posed by some of the policy changes that are currently under debate?

Both Republicans and Democrats have troubling plans that could mean the end of the free and open internet as we know it. Thankfully, their plans are usually at cross-purposes because each party takes partisan aim at the other. The EARN IT Act, which has received some bipartisan support, is particularly worrisome because of its open-endedness. The bill would grant a committee led by the attorney general the ability to condition Section 230's protections on platforms implementing whatever this committee considers to be a "best practice." Given recent complaints from the Department of Justice about Americans' access to encrypted messaging tools, it's likely that giving law enforcement access to private communications would be deemed a best practice.

There has long been a strain of technological optimism among libertarians, particularly related to the internet, but also worries about enabling surveillance and violations of privacy. How do you think advocates of freedom should weigh those concerns?

Much of this dichotomy turns on control. Libertarians appreciate technology's potential to increase individual agency but fear the ways in which it can be used to enhance the capabilities of illiberal institutions. Our current internet is far more open than the publishing environment of the 1960s or 1970s, but it still relies on intermediaries vulnerable to capture and capable of intrusive surveillance. Libertarians would generally prefer a more decentralized internet—one in which users have more direct control. This explains the enthusiasm for blockchain and cryptocurrencies. I recently examined how a more decentralized internet might eliminate some of these risks in Libertarianism.org's new book, *Visions of Liberty*. ■

Creating Freedom and Prosperity

Thanks to Cato's Sponsors, the Institute's work in this crisis environment is as meaningful as ever. Recent Sponsor investments in the Institute's staff and technology have created a bulwark against calls to solve government failures with even more government. These investments have also helped reinforce our on-the-ground efforts to promote freedom and prosperity; the Cato community has created excellent access to policymakers and together we're advancing several important policy issues, including

- Eliminating regulatory barriers created by the Food and Drug Administration and the states to COVID-19 diagnostic testing, interstate telemedicine, and other innovations;
- Reforming federal and state qualified immunity laws that create near-zero accountability for members of law enforcement who violate civil rights; and
- Defending free speech online—including on Facebook, where Cato Vice President John Samples is one of five Americans on its new Oversight Board.

The fight for liberty is an ongoing battle to preserve America's grounding in the principles of individual rights, limited government, free markets, and peace. It is our aspiration and goal in the next five years to be the number-one organization bringing these ideas to new, diverse, and young audiences.

We know that laying the foundation for the coming generations is a shared priority in the Cato community; our Sponsors have stepped up to fund outreach initiatives that have galvanized major interest in the ideas of liberty, such as Project Sphere. In July we'll hold our second Sphere Summit, an exciting project to advance civil society by partnering with educators.

Sponsors make the Institute's strong defense of liberty possible, and a growing group have become even more involved with Cato by creating planned gifts that meet their philanthropic and financial priorities. Legacy Society Sponsors have created planned gifts—from simple charitable gift annuities, bequests, and beneficiary designations for retirement assets, to complex trusts and endowed chairs—that are now more important than ever for growing Cato's ability to promote more free and prosperous societies.

For many Cato Sponsors a planned gift represents a unique opportunity to create a significant contribution to supporting our ideas, and Cato's Legacy Society is the Institute's way of recognizing this community. If you're already a Legacy Society Sponsor—thank you! If you're interested in joining the club, please let us know.

Legacy Society benefits are the same as those for individuals contributing at least $5,000 annually, which include special event invitations and complimentary access to Cato books, research, and commentary, such as our monthly audio magazine. Of course, by creating a planned gift and joining the Legacy Society, you will enjoy the final benefit of denying the government even more of your hard-earned money by investing in the future of liberty! ■

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Innovation Drives Growth and Better Government

Innovators of all stripes are increasingly using new technological capabilities to circumvent traditional regulatory systems. Disruptive innovators are emerging in a range of fields, including 3D printers, drones, driverless cars, Bitcoin and blockchain, virtual reality, and the "Internet of Things."

These evasive entrepreneurs—innovators who don't always conform to social or legal norms—can play an important role in constraining unaccountable governmental activities that often fail to reflect common sense or the consent of the governed. In essence, evasive entrepreneurialism and technological civil disobedience are new checks and balances that help us rein in the excesses of the state, make government more transparent and accountable, and ensure that our civil rights and economic liberties are respected.

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